

Drug Cost Trends, 2003

Presented by:

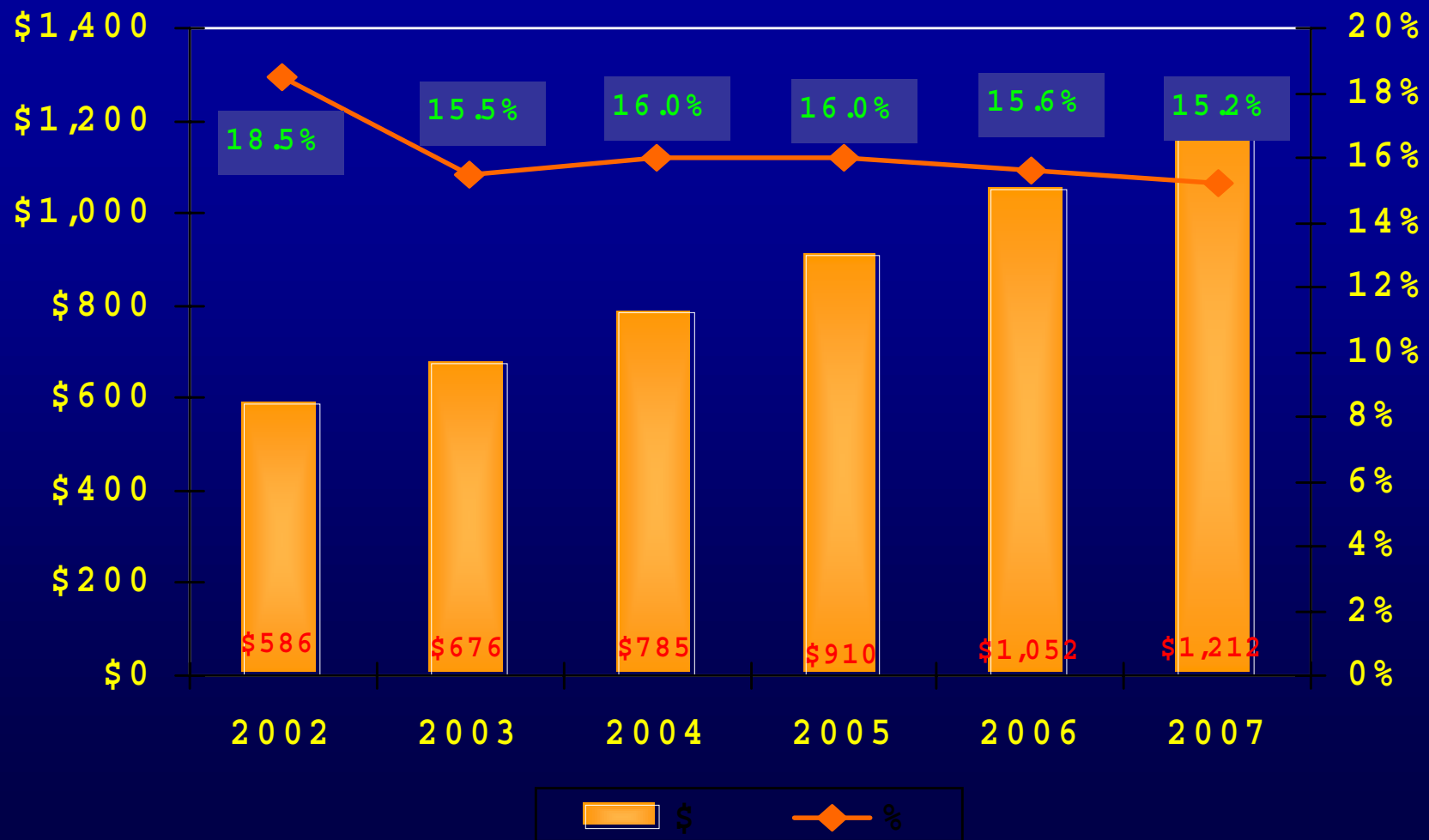
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Marketing Coordinator

Trusted Plans Service Corporation

ESI 2003-2007 Trend Forecast

ESI Forecast of Per Member Per Year Ingredient Costs 2002 - 2007



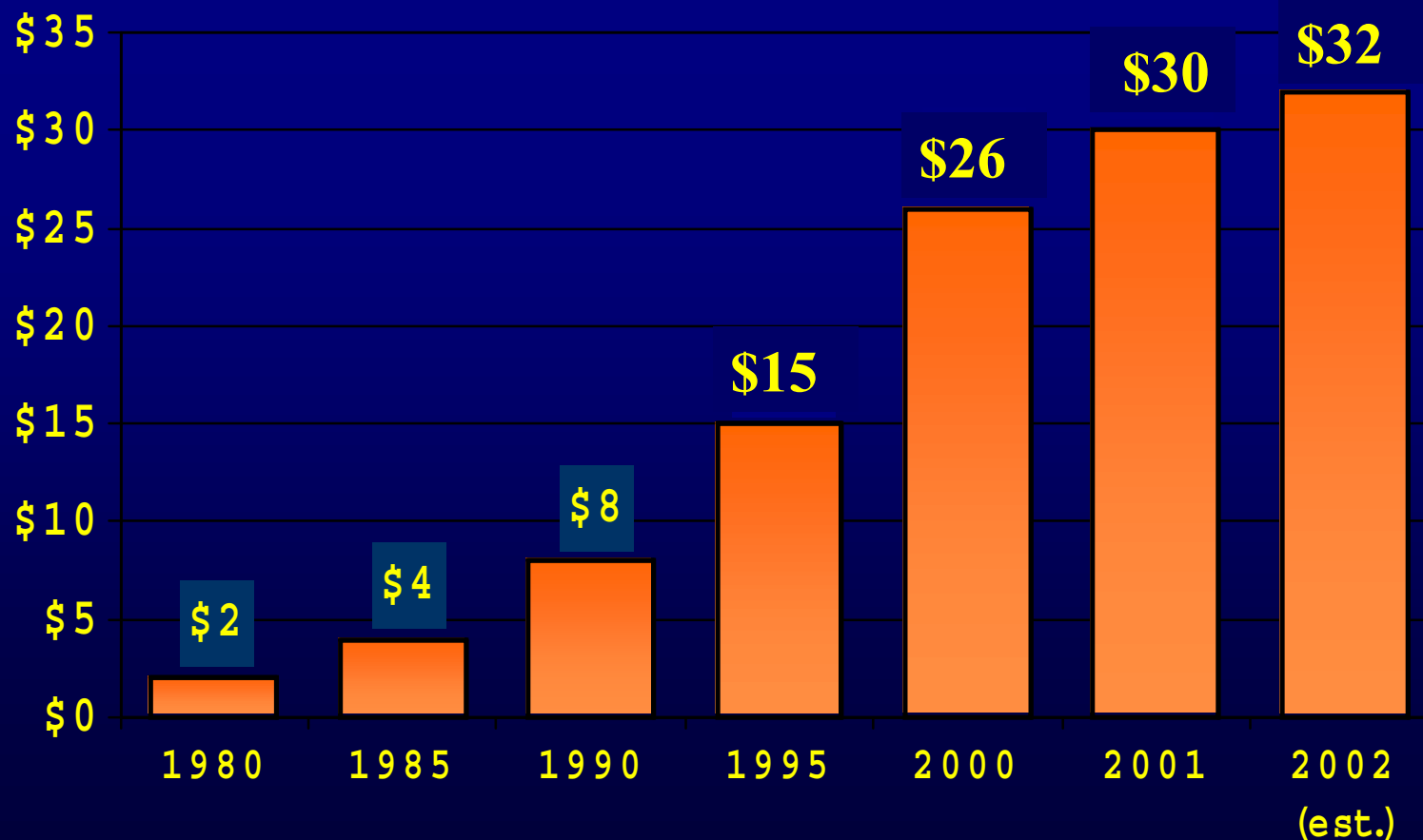
P M P Y C o s t s P r o j e c t i o n s W e r e B a s e d o n

- I n f l a t i o n r a t e
- U t i l i z a t i o n g r o w t h
- D r u g p i p e l i n e
- P a t e n t e x p i r a t i o n s



EXPRESS SCRIPTS®

Pharmaceutical Research & Development Expenditures 1980-2002



Source: Pharmaceutical Research and Manufacturers of America, PhRMA Annual Membership Survey, 2003.

Key New Drugs To Market Over Next Few Years

Cymbalta [®]	2003
Crestor [®]	2003
Cialis [®]	2003
Levitra [®]	2003
Spiriva [®]	2003
Exanta [™]	2004
Exendin-4	2005



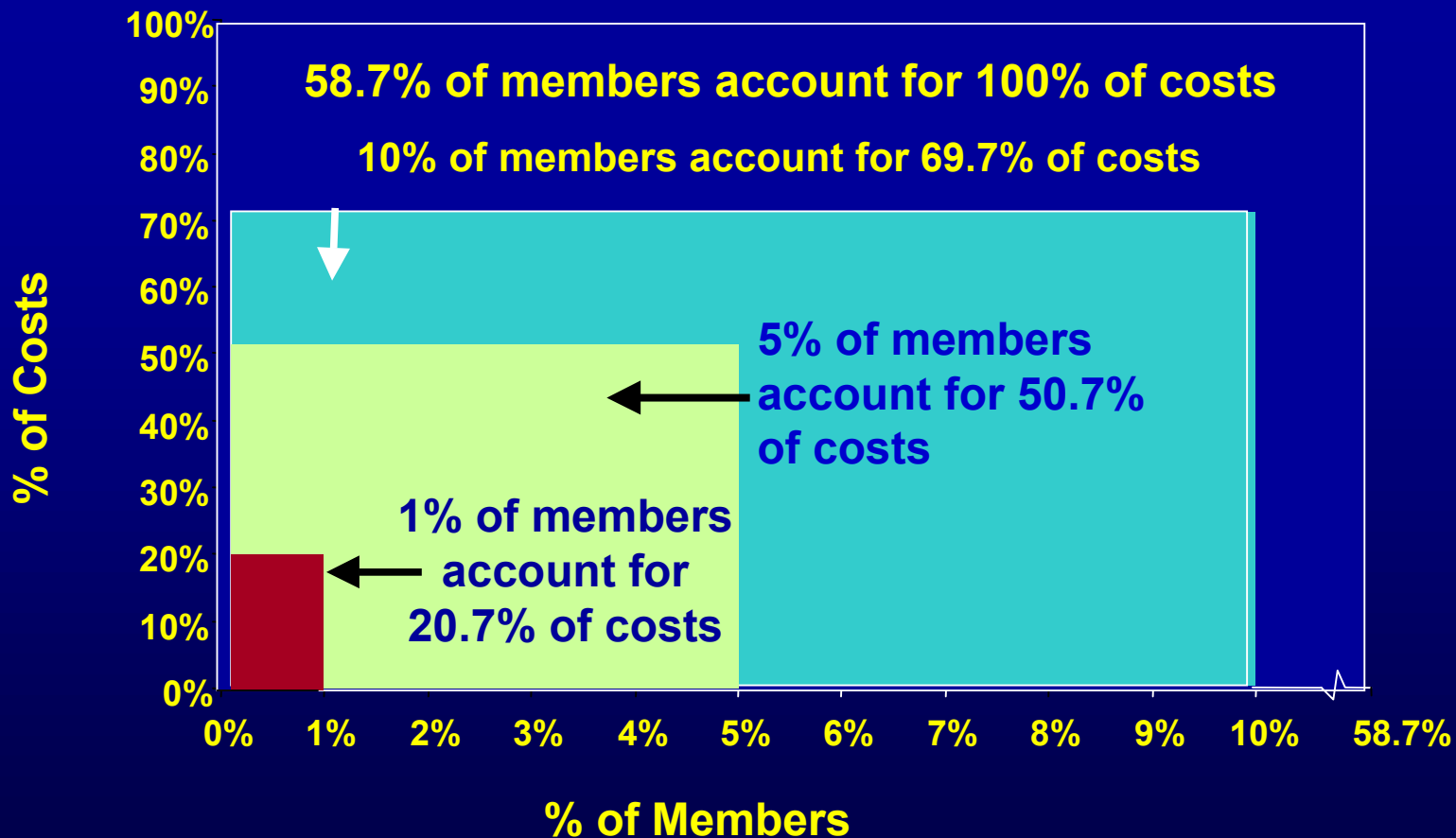
EXPRESS SCRIPTS[®]

Key Brand Products Losing Patent Protection Over the Next Five Years

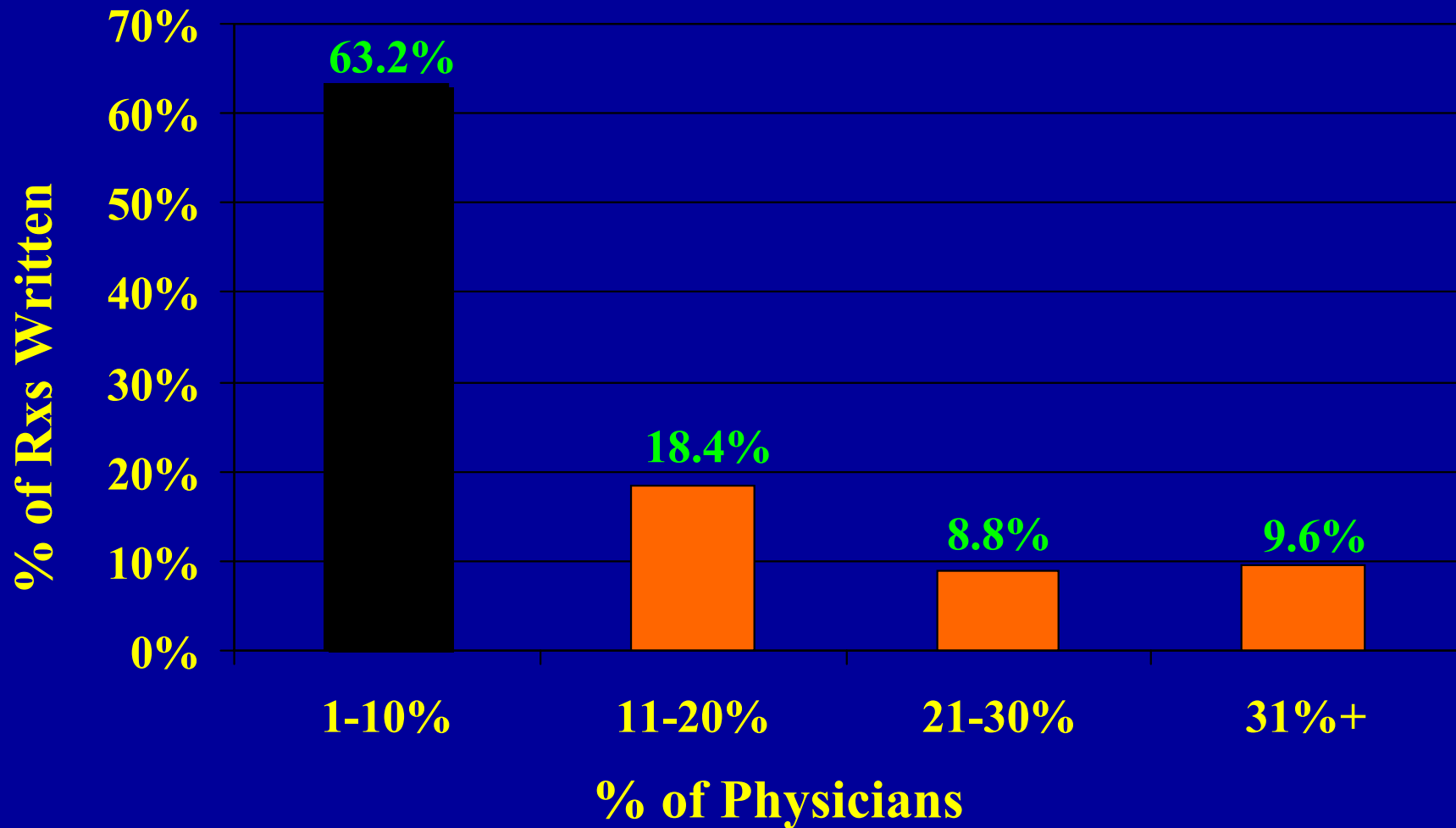
2003	2004	2005	2006	2007
Accupril	Allegra*	Altace	Actos	Ambien
Cipro	Celexa	Amaryl	Pravochol	Clarinox
Glucophage XR	Diflucan	Biaxin	Protonix	Coreg
Monopril	Flonase	Cefzil	Xalatan	Imitrex
Neurontin*	Flovent	Duragesic	Zocor	Lamisil
Nolvadex	Glucovance	Lovenox	Zoloft	Norvasc
Ortho Tri-Cyclen	Lotensin	Zithromax	* Ongoing Litigation	Oxycontin
Ortho-Novum 7/7/7	Topamax	Zofran		Plendil
Paxil*				Zyrtec
Rebetol*				
Serzone				
Wellbutrin SR/Zyban*				

Utilization

Drug Utilization is Concentrated Among Relatively Few People



Most Prescriptions Are Written By A Relatively Small Number of Physicians



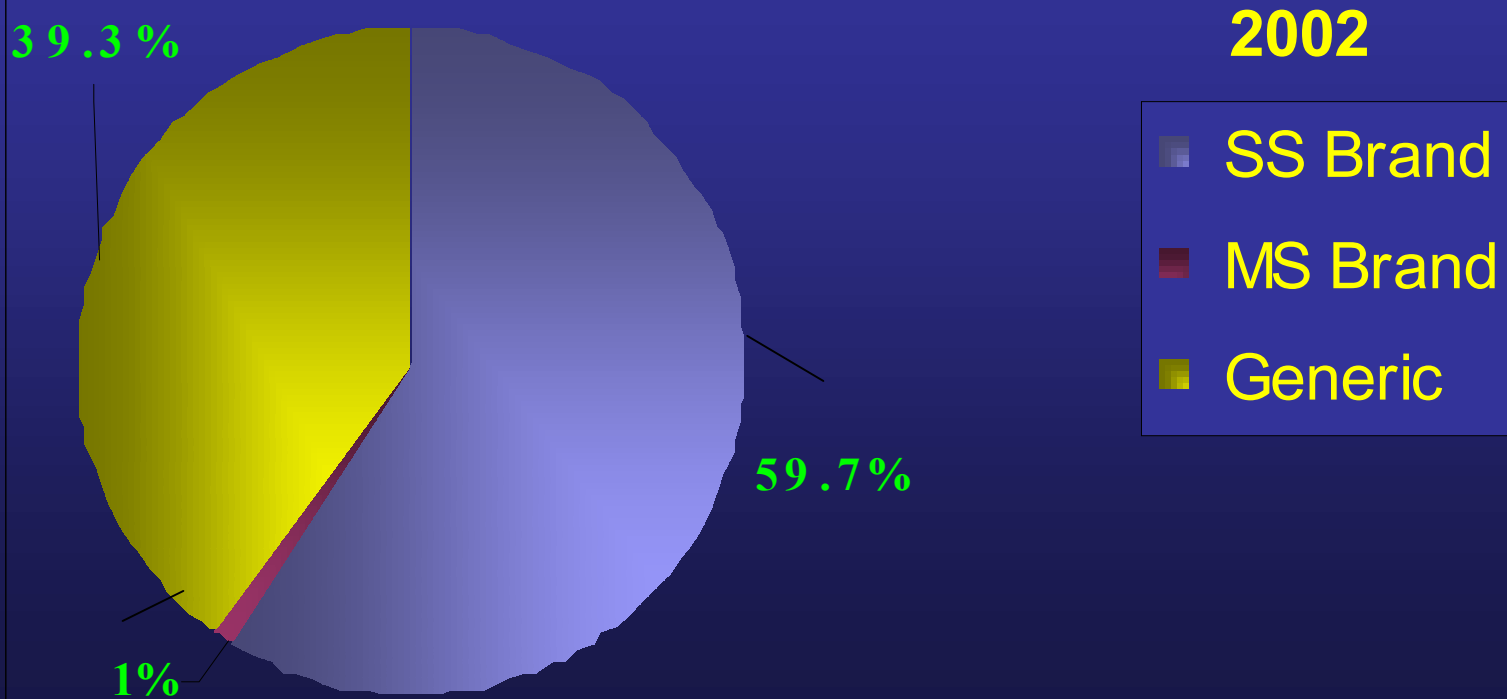
How Does WFCA Compare?

WFCA: Top 10 Drugs

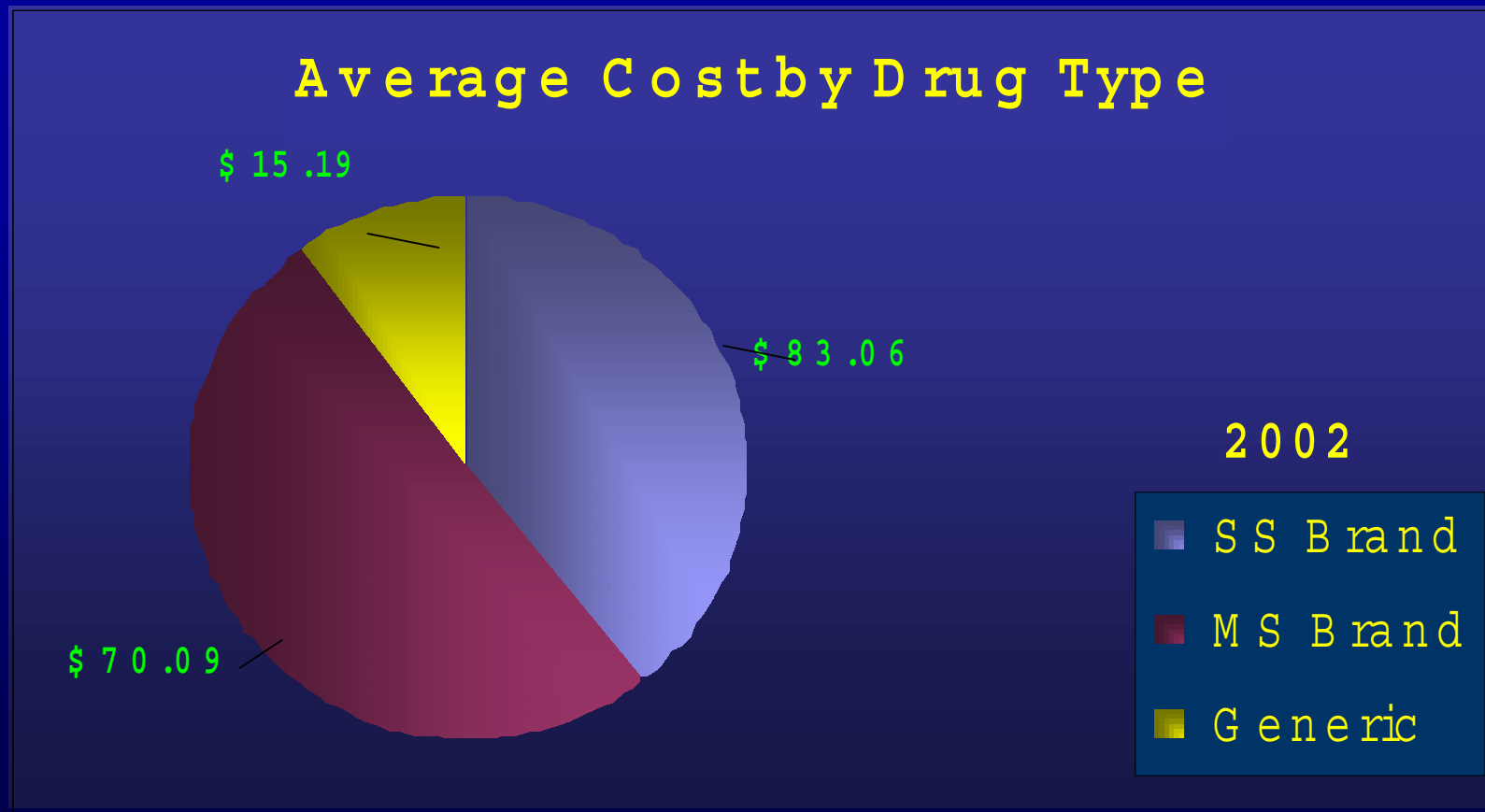
- Prevacid
- Nexium
- Lipitor
- Wellbutrin SR
- Zyrtec
- Avonex Admin. Pack.
- Allegra
- Protonix
- Enbrel
- Zoloft

WFCA: Drug Type Analysis

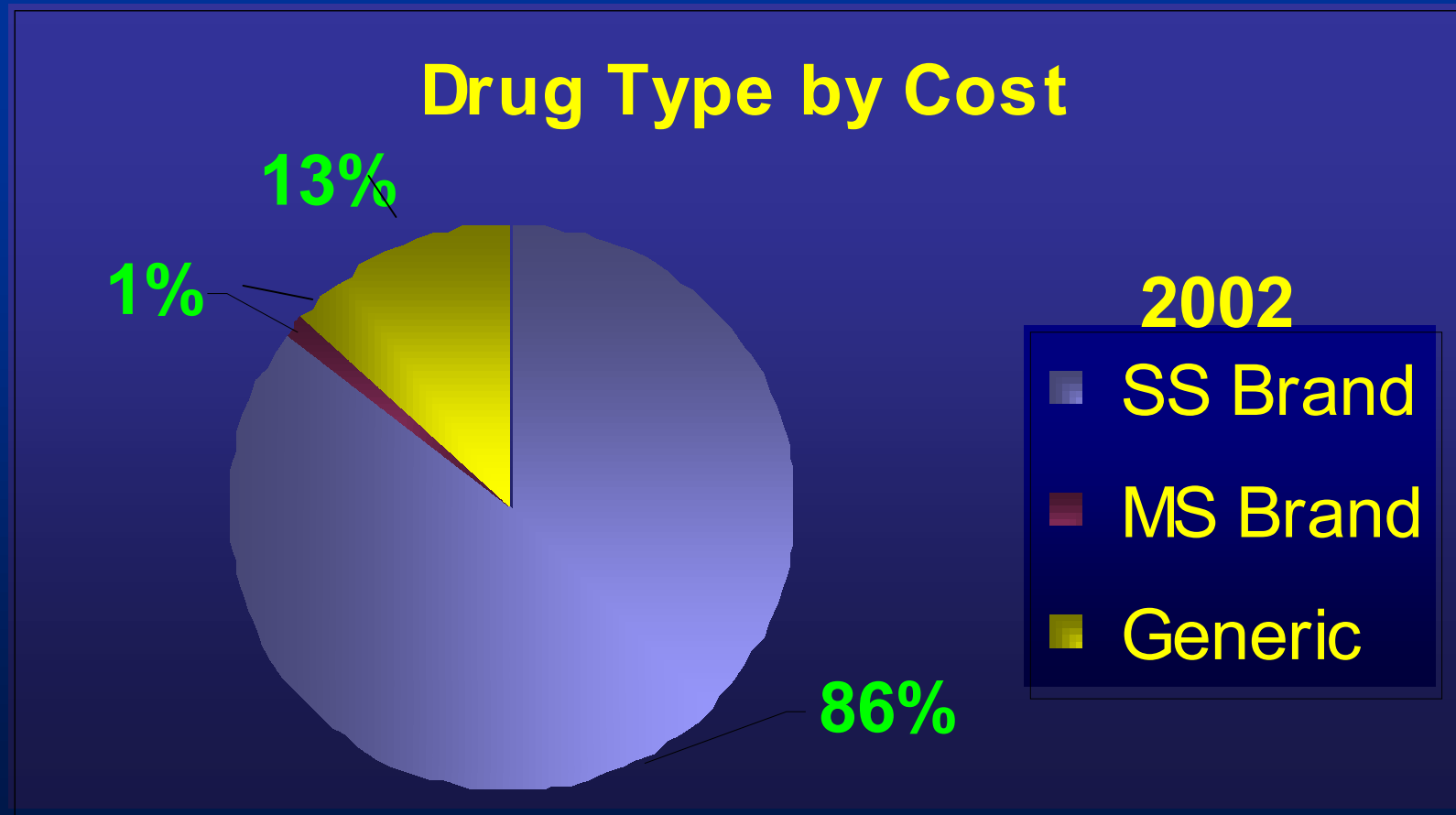
Drug Type by Fill Qty



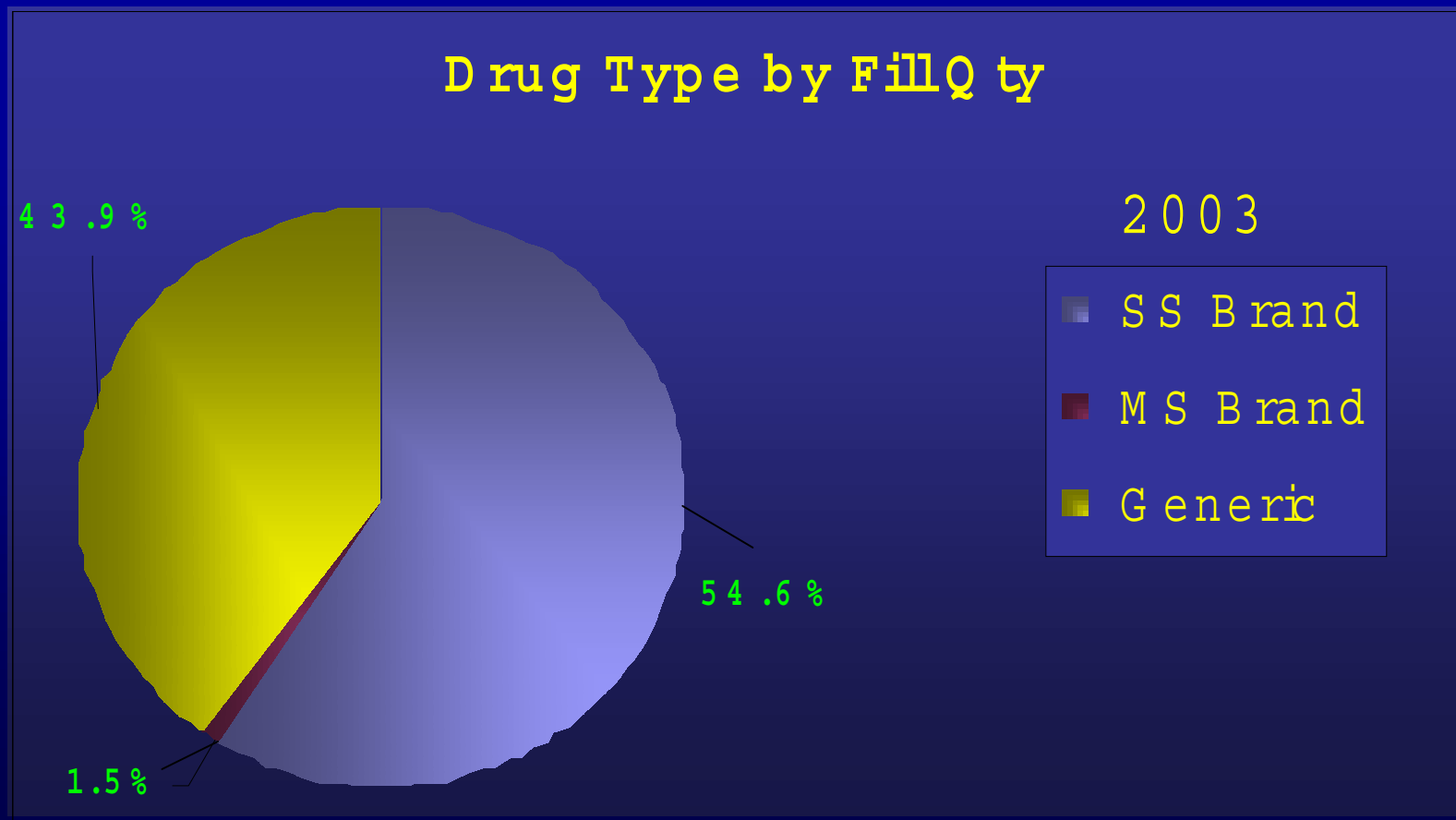
WFCA: Drug Type Analysis



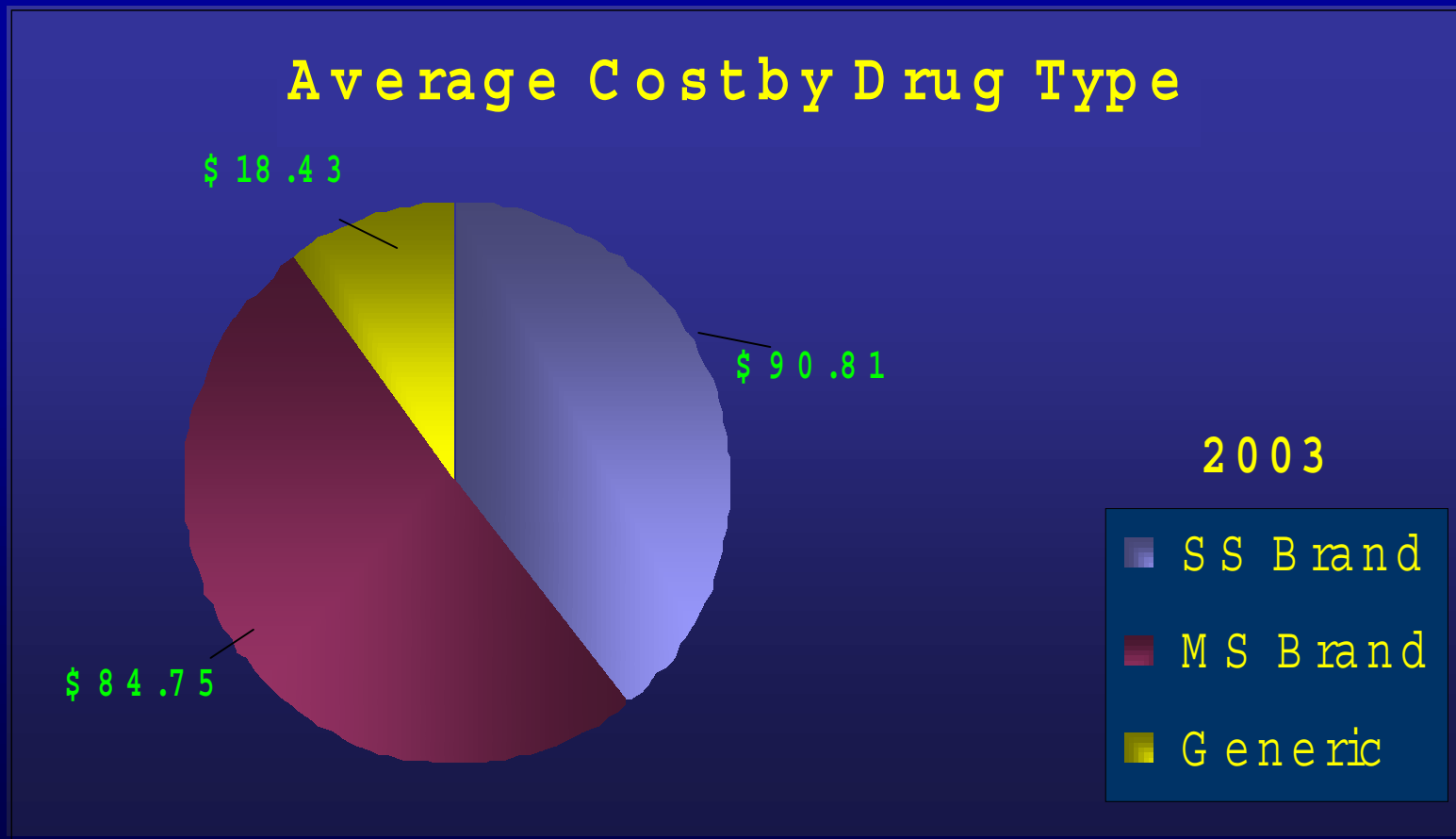
WFCA: Drug Type Analysis



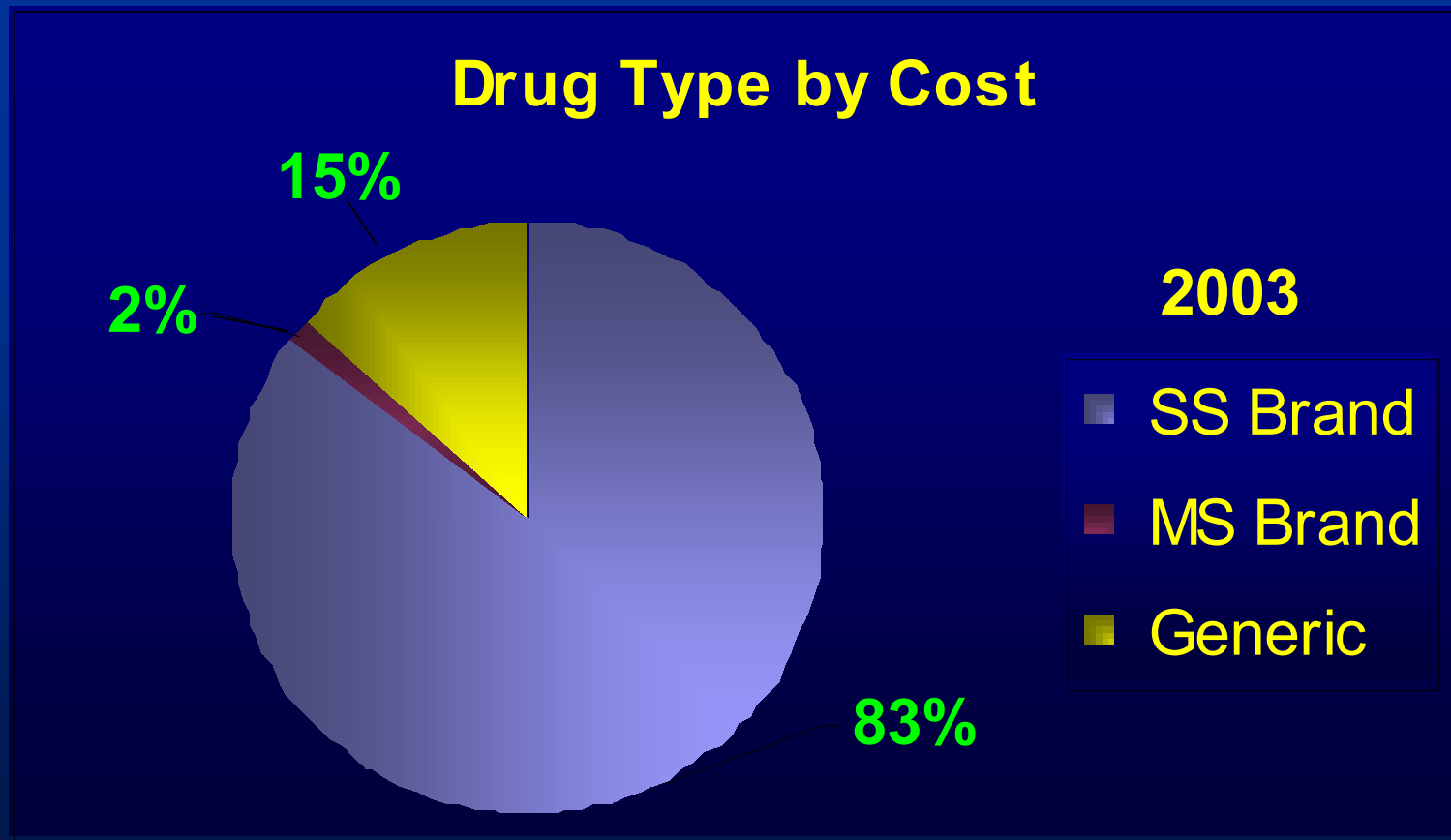
WFCA: Drug Type Analysis



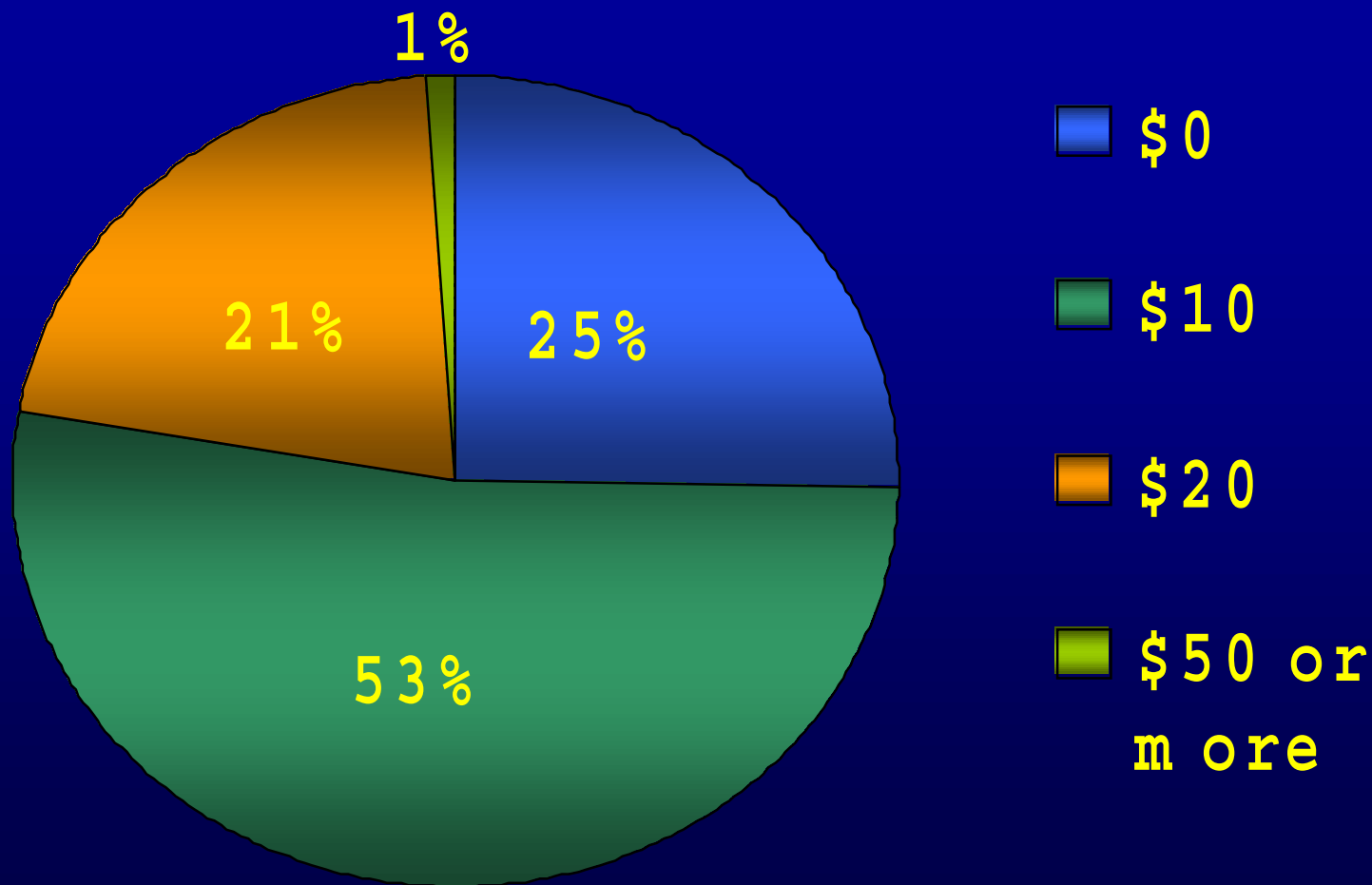
WFCA: Drug Type Analysis



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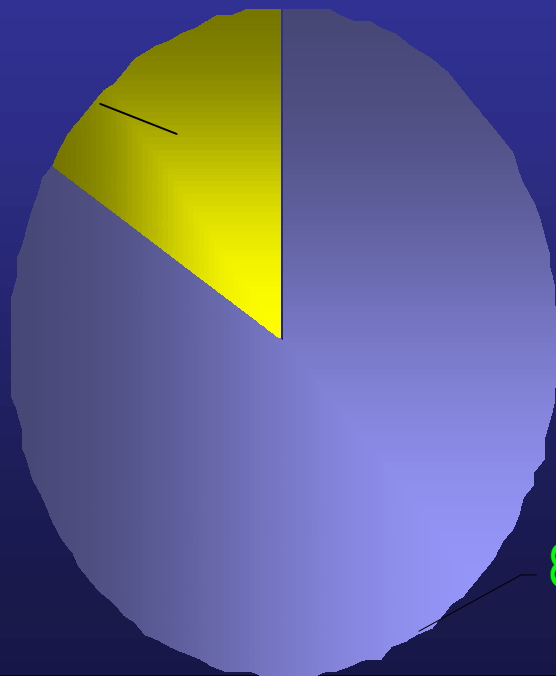
“If a drug costs \$100, about how much of the \$100 should the patient pay?”



WFCA: Member Share Analysis

Actual Member Share - 2002

13.6%



Plan Amount Paid

Member Contribution

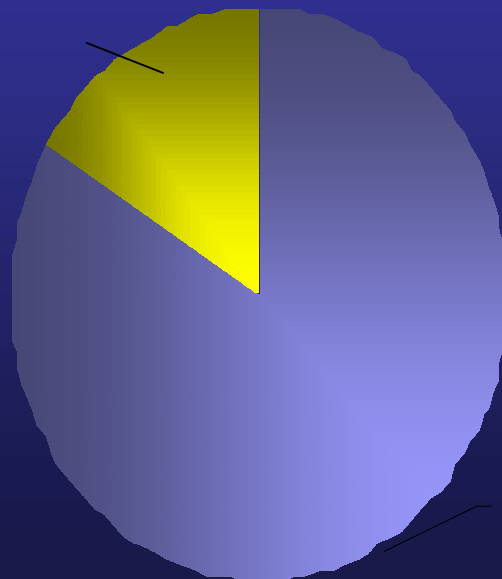
Target Member Share:

25 - 35%

WFCA: Member Share Analysis

Actual Member Share - 2003

13.3%



■ Plan Amount Paid
■ Member Contribution

Target Member Share:
25 - 35%

Cost Management

- **What is a Formulary List?**
- **Three-Tier Formulary**
 - **Generic Drug Copay**
 - **Preferred Brand Name Copay**
 - **Non-Preferred Brand Name Copay**

Example of a Formulary Plan

	Example Plan 1	Example Plan 2
<i>Generic Drugs</i>	<i>\$10 copay</i>	<i>\$10copay</i>
<i>Preferred (Formulary)</i>	<i>\$20 copay</i>	<i>30%coins.</i>
<i>Non-Preferred (Non-Formulary)</i>	<i>\$30 copay</i>	<i>50% coins.</i>

Cost Management Strategies

Cost Drivers	Actions
Inflation	<ul style="list-style-type: none">•Raise member \$ responsibility•Promote mail
Brands/generic mix	<ul style="list-style-type: none">•Implement generics preferred•Implement step therapy
Therapeutic mix	<ul style="list-style-type: none">•Substitution programs in mail•Adopt 3 tiered copay•Adopt high performance formulary
Utilization	<ul style="list-style-type: none">•Implement quantity level limits•Raise member \$ responsibility•Implement prior authorization•Adopt high performance formulary
Specialty injectables	<ul style="list-style-type: none">•Utilize PBM management tools